

The Economic Importance of Food and Agriculture in Minnesota

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*F*or generations, Minnesota's food and agriculture industry has remained one of the state's leading economic contributors. With a 22 percent share of the state's total exports, food and agricultural production adds more than any other single industry. In addition, food and agriculture accounts for nearly 14 percent of the state's value added income, and 14 percent of the state's personal income and employment.

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Food and Agriculture— the Crucial Ingredient

Measure its value or importance any way you wish. In the final analysis, food and agriculture emerges as a crucial ingredient to the economic mix in Minnesota, one that helps ensure continued prosperity, stability and vitality for the entire state.

Information in this brochure has been abstracted from a University of Minnesota College of Agriculture, Department of Agricultural and Applied Economics Staff Paper, "The Economic Importance of Minnesota's Food and Agriculture Industry," by Dave Senf, Wilbur Maki, and James P. Houck.

The Economic Importance of Food and Agriculture in Minnesota

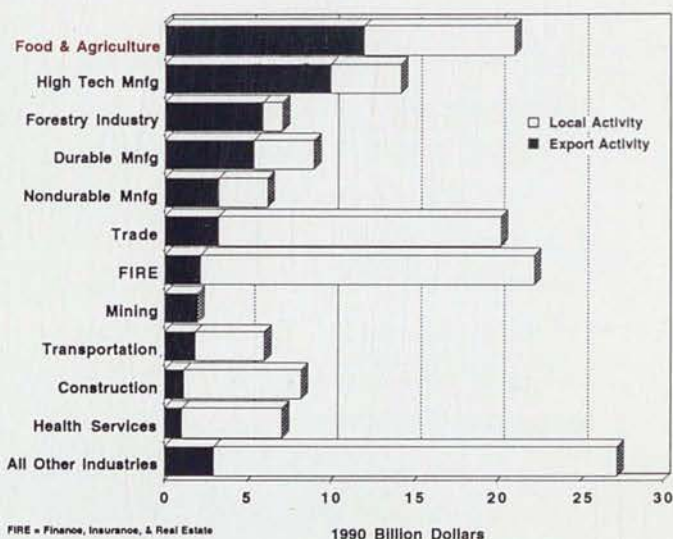
Exports Are Key

Exports are, perhaps, the most important of these contributions, since they generally provide a reliable gauge of a state's economic well-being; they support and sustain local economies. Exports inject new, outside dollars into Minnesota's economy—\$12 billion each year. This money then cycles through the economy, creating jobs and generating income.

Food and agriculture also strengthens the state's economy because it purchases a large percentage of its supplies from local businesses—nearly twice as much as the next largest user. In all, nearly twice as many agricultural inputs are purchased locally as are brought in from other states.

In addition, the farm and food industry purchases more than \$6 billion worth of intermediate inputs from itself, and another \$4 billion worth of purchases from other Minnesota industries. These dollars cause a ripple effect that surfaces throughout the state in the form of new and sustained jobs as well as increased personal income.

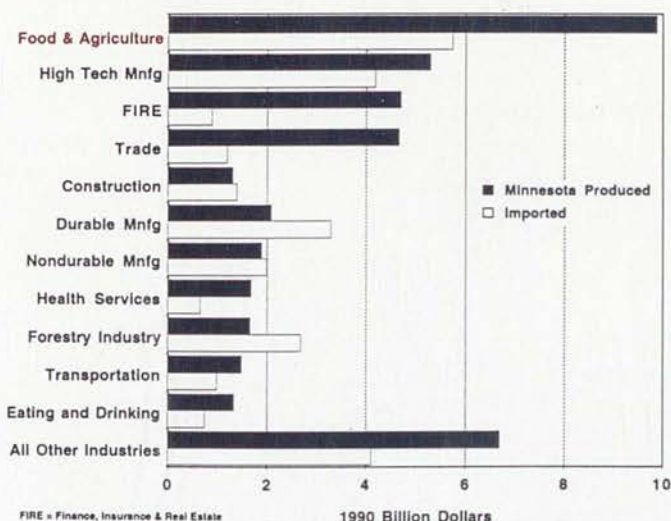
Export and Local Sales Activity in Minnesota



Close Ties— Better Economic Health for All

More than any other industry, food and agriculture is linked to other Minnesota suppliers and producers. These close ties between food and agriculture and other industries in Minnesota exist because of the sophisticated agricultural production and supply system throughout the state.

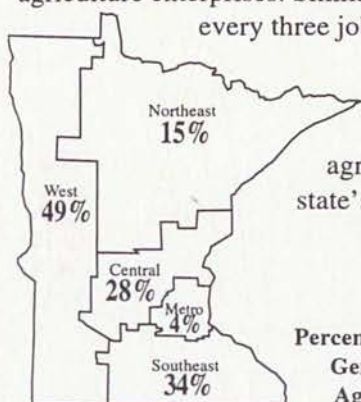
Industrial Intermediate Input Use



Minnesota's economy benefits most when "value added" processes are performed within the state. An impressive 40 percent of the state's farm production is purchased by the Minnesota food industry for further processing.

The economic activity generated by food and agriculture is especially significant for the 80-county region beyond the Twin Cities metropolitan area, known as "Greater Minnesota." More than 40 percent of the exports generated in this sprawling territory come from food and agriculture. When measured in terms of value added, income or employment, almost one-third of Greater

Minnesota's economy is the direct result of food and agriculture enterprises. Similarly, more than one of every three jobs in some regions—the west, central and southeast—depends on the food and agriculture sector of the state's economy.

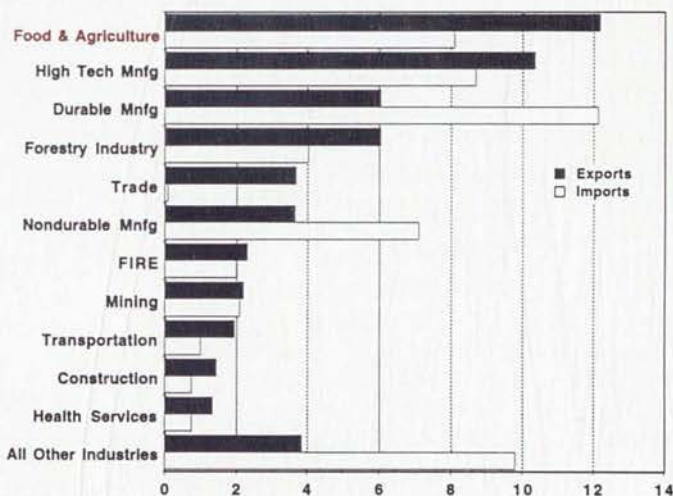


Percent of Regional Employment Generated by the Food & Agriculture Industry

Trade Surplus Strengthens Minnesota's Economy

Minnesota exports more food and agricultural products to other states and nations. The trade surplus this creates, as Minnesota exports more than it imports, is very important. It gives Minnesota residents the purchasing power for goods produced elsewhere in the United States and abroad. Food and agriculture creates twice the annual trade surplus—\$4.4 billion—as does any other industry.

Commodity Trade Balance



FIRE = Finance, Insurance & Real Estate

1985 Billion Dollars

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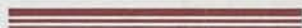
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